

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
GLOBAL PLUS 1D (CP2016-193)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2017-251

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING
MODIFICATION SEVEN TO A GLOBAL PLUS 1D
NEGOTIATED SERVICE AGREEMENT**
(January 16, 2020)

In Order No. 4048, the Postal Regulatory Commission (Commission) included the agreement in the docket number listed above (Agreement) within the Global Plus 1D (CP2016-193) product.¹ Attached to this notice is a Modification Seven to the Agreement. The modification revises Articles 8 and 11 of the Agreement, extending the Agreement to June 30, 2020. The modification also adds an Annex 11 to the Agreement.

Redacted copies of Modification Seven, the certified statement required by 39 C.F.R. § 3015.5(c)(2), and Governors' Decision No. 19-1, are filed as Attachments 1, 2, and 3 respectively. In addition, the Postal Service is filing, in separate Excel files, redacted versions of the revised supporting financial documents for the contract that is the subject of this docket.

¹ PRC Order No. 4048, Order Approving Additional Global Plus 1D Negotiated Service Agreements and Conditionally Approving Modifications, Docket No. CP2017-251, August 16, 2017, at 7, 12.

With respect to the non-public versions of Modification Seven, the certified statement, Governors' Decision No. 19-1, and the financial workpapers that are filed under seal, the Postal Service hereby incorporates its Applications for Non-Public Treatment filed in conjunction with its initial notice in this docket dated August 3, 2017,² and its Notice of Filing of Modification Two dated August 13, 2018, in this docket.³ The applications protect from disclosure the information that has been redacted from the materials that the Postal Service is filing publicly today with this notice, and the statements concerning Governors' Decision No. 11-6, in the application filed in this docket on August 3, 2017, apply to Governors' Decision No. 19-1, a redacted version of which is included as Attachment 3 in this filing. Also, as for foreign postal operators, updating section (2) of those applications, the Postal Service provided notice to all foreign postal operators within the Universal Postal Union (UPU) network through an International Bureau Circular issued on December 9, 2019, that the Postal Service will be regularly submitting certain business information to the Commission. Some UPU designated foreign postal operators may have a proprietary interest in such information. The circular includes information on how third parties may address any confidentiality concerns with the Commission.

² Notice of the United States Postal Service of Filing Notice of the United States Postal Service of Filing A Functionally Equivalent Global Plus 1D Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2017-251, August 3, 2017, Attachment 4.

³ Notice of the United States Postal Service of Filing Modification Two to a Global Plus 1D Negotiated Service Agreement, Docket No. CP2017-251, August 13, 2018, Attachment 3.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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January 16, 2020

**MODIFICATION SEVEN TO THE
GLOBAL PLUS 1 SERVICE AGREEMENT BETWEEN
THE UNITED STATES POSTAL SERVICE AND**

[REDACTED]

This Modification amends the Global Plus 1 Service Agreement ("Agreement") between [REDACTED] ("Mailer") with offices at [REDACTED], and the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L'Enfant Plaza SW, Washington, DC 20260-9998, signed by the Mailer and by the USPS on July 28, 2017, as amended by Modification One, signed by the Mailer on August 22, 2017, and by the USPS on September 21, 2017, as amended by Modification Two, signed by the Mailer and by the USPS on August 10, 2018, as amended by Modification Three, signed by the Mailer and by the USPS on September 7, 2018, as amended by Modification Four, signed by the Mailer on June 11, 2019, and by the USPS on June 12, 2019, as amended by Modification Five, signed by the Mailer and by the USPS on August 6, 2019, and as amended by Modification Six, signed by the Mailer and by the USPS on September 12, 2019. The Mailer and the USPS may be referred to individually as a "Party" and together as the "Parties."

The purpose of this Modification is to make the following three changes to the Agreement.

First, Article 8(6) is replaced with the following:

(6) Acknowledging that the United States expressed its unequivocal intention to rescind its notice of withdrawal from the Universal Postal Union by 11:59 p.m. on September 30, 2019, from February 1, 2020 to 11:59 p.m. on June 30, 2020, (a) For PME/PMI, the Mailer will pay postage according to Annex 4; (b) For CeP, the Mailer will pay postage according to Annex 11; (c) For IPA and ISAL, the Mailer will pay postage according to Annex 7.

Second, Article 11 is replaced with the following:

11. Term of the Agreement. (1) The USPS will notify the Mailer of the Effective Date of the Agreement within thirty (30) days after receiving the approval of the entities that have oversight responsibilities for the USPS. This Agreement shall remain in effect until 11:59 p.m. on June 30, 2020, subject to the Postage Prices set forth in Article 8, unless the Agreement is terminated sooner pursuant to Article 12, Article 24, or Article 34. (2) The USPS shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process. (3) The Mailer acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date. (4) At the discretion of the USPS and subject to Article 28 Conditions Precedent, as well as official notification by the USPS to the Postal Regulatory Commission at least seven (7) days prior to the expiration date of this Agreement, the USPS may, prior to the expiration of this Agreement, provide notice to the Mailer in accordance with Article 26 that this Agreement has been extended for up to an additional three (3) months, with the option for the USPS to extend this Agreement for a second additional three (3) months, and the USPS reserves the right to adjust the duration of such extension, depending on the effective date, if any, of a successor agreement with the Mailer.

Third, Annex 11 attached to this Modification is added to this Agreement.

All other terms and conditions of the Agreement shall remain in force.

The Parties acknowledge and understand that all obligations of the USPS under this Modification shall be contingent on the USPS receiving approvals from one or more internal and external bodies that have oversight responsibilities ("Conditions Precedent"). Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that this Modification may not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the USPS to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS and no benefit shall inure to either Party. In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Mailer prior to the Effective Date of this Modification. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential, or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any costs incurred by either Party attributable to such non-approval such as attorney's fees.

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USPS / [REDACTED] ; 12/2019

Modification Seven Page 1 of 3

The Mailer acknowledges that this Modification and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding (CP2017-251). The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding in which information related to this Modification must be filed. The Mailer further understands that any unredacted portion of the Modification or supporting information will be available on the Commission's public website, <http://www.prc.gov>. In addition, the USPS may be required to file information in connection with this instrument (including revenue, cost or volume data) in other Commission dockets, including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which "201#" signifies the USPS fiscal year to which the ACR pertains. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found in part 3007 of the regulations concerning the Commission in Title 39 of the Code of Federal Regulations.

The Parties may execute this Modification in one or more counterparts (including by facsimile or by electronic means such as .pdf format). Not all Parties need be signatories to the same document. All counterpart signed documents shall be deemed an original and one instrument.

In witness whereof, this Modification is deemed executed on the latter of the two dates accompanying the Parties' signatures.

ON BEHALF OF THE UNITED STATES POSTAL SERVICE:

Signature:



Donald W Ross

Name:

Director International Sales

Title:

12-26-2019

Date

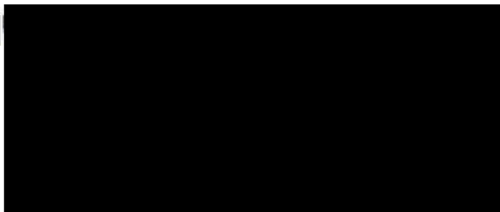
ON BEHALF OF

Signature:

Name:

Title:

Date:



12/26/2019

ANNEX 11

PRICES FOR COMMERCIAL EPACKET SERVICE

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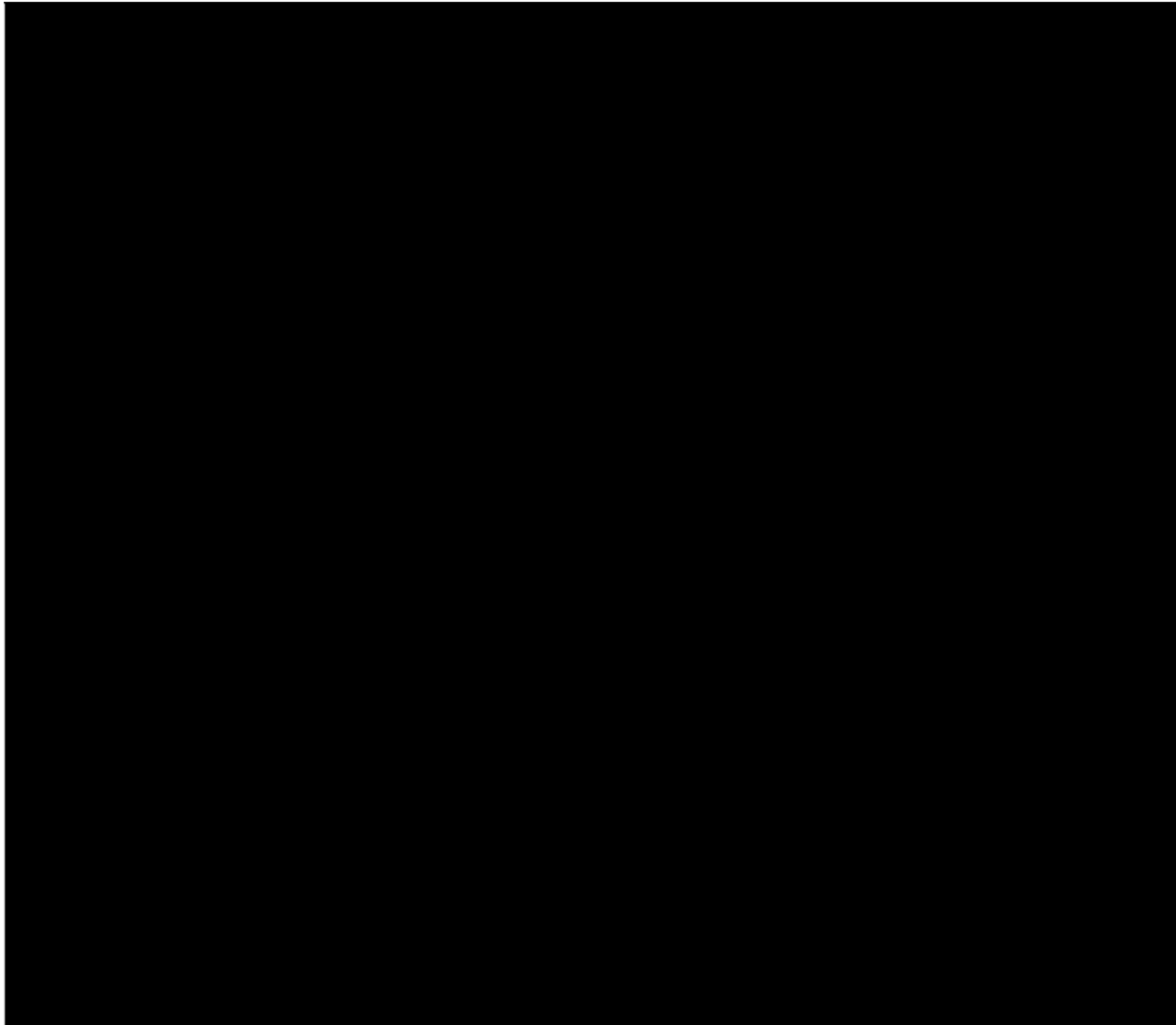
USPS /  ; 12/2019

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Annex Number	Title of Annex	Dates in Effect					
		From August 20, 2017 to 11:59 p.m. on the day prior the Modification Two Effective	From the Modification Two Effective Date to 11:59 p.m. on January 19, 2019	From January 20, 2019 to 11:59 p.m. on September 30, 2019	If the United States expresses its unequivocal intention to rescind its notice of withdrawal from the Universal Postal Union by 11:59 p.m. on September 30, 2019, from 11:59 p.m. on September 30, 2019 to 11:59 p.m. on January 31, 2020,	If the United States does not express its unequivocal intention to rescind its notice of withdrawal from the Universal Postal Union by 11:59 p.m. on September 30, 2019, from 11:59 p.m. on September 30, 2019 to 11:59 p.m. on December 31, 2019	From February 1, 2020 to 11:59 p.m. on June 30, 2020
Annex 1	Prices for PMEI and PMI Tendered at a USPS International Service Center	X	X				
Annex 2	Prices for Commercial ePacket Service	X					
Annex 3	Percentage Discounts for IPA and ISAL	X					
Annex 4	Prices for PMEI and PMI Tendered at a USPS International Service Center			X	X		X
Annex 5	Prices for Commercial ePacket Service		X	X	X		
Annex 6	Prices for IPA and ISAL		X				
Annex 7	Prices for IPA and ISAL			X	X		X
Annex 8	Prices for PMEI and PMI Tendered at a USPS International Service Center					X	
Annex 9	Prices for Commercial ePacket Service					X	
Annex 10	Prices for IPA and ISAL					X	
Annex 11	Prices for Commercial ePacket Service						X

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ANNEX 11
PRICES IN UNITED STATES DOLLARS FOR
COMMERCIAL EPACKET SERVICE



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USPS / [REDACTED] ; 12/2019

Annex 11 Page 1 of 1

Certification of Prices for the Global Plus Contract with
[REDACTED]

I, Nan K. McKenzie, Manager, Pricing Innovation, United States Postal Service, am familiar with the prices for the Global Plus Contract with [REDACTED]. The prices contained in this contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued on February 7, 2019 (Governors' Decision No. 19-1), which established prices by means of price floor formulas.

I hereby certify that the numerical cost values underlying the prices in the [REDACTED] Contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage in excess of the minimum required by the Governors' Decision, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Plus Contracts should be even smaller. The Agreement with [REDACTED] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Nan K.
McKenzie

Nan K. McKenzie

Digitally signed by Nan K. McKenzie
DN: cn=Nan K. McKenzie, o, ou=Manager,
Pricing Innovation,
email=nan.k.mckenzie@usps.gov, c=US
Date: 2020.01.16 09:31:22 -05'00'

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)

February 7, 2019

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal

Regulatory Commission. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover [REDACTED] [REDACTED] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegate(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

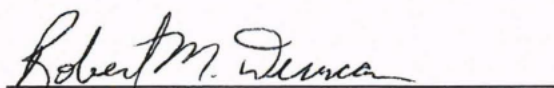
No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

A handwritten signature in cursive script, appearing to read "Robert M. Duncan", is written over a horizontal line.

Robert M. Duncan

Chairman, Board of Governors

Attachment A

Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, “competitive instruments”). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each “product”) will be [REDACTED]

[REDACTED]

The cost coverage for a product equals [REDACTED]

[REDACTED]

[REDACTED]

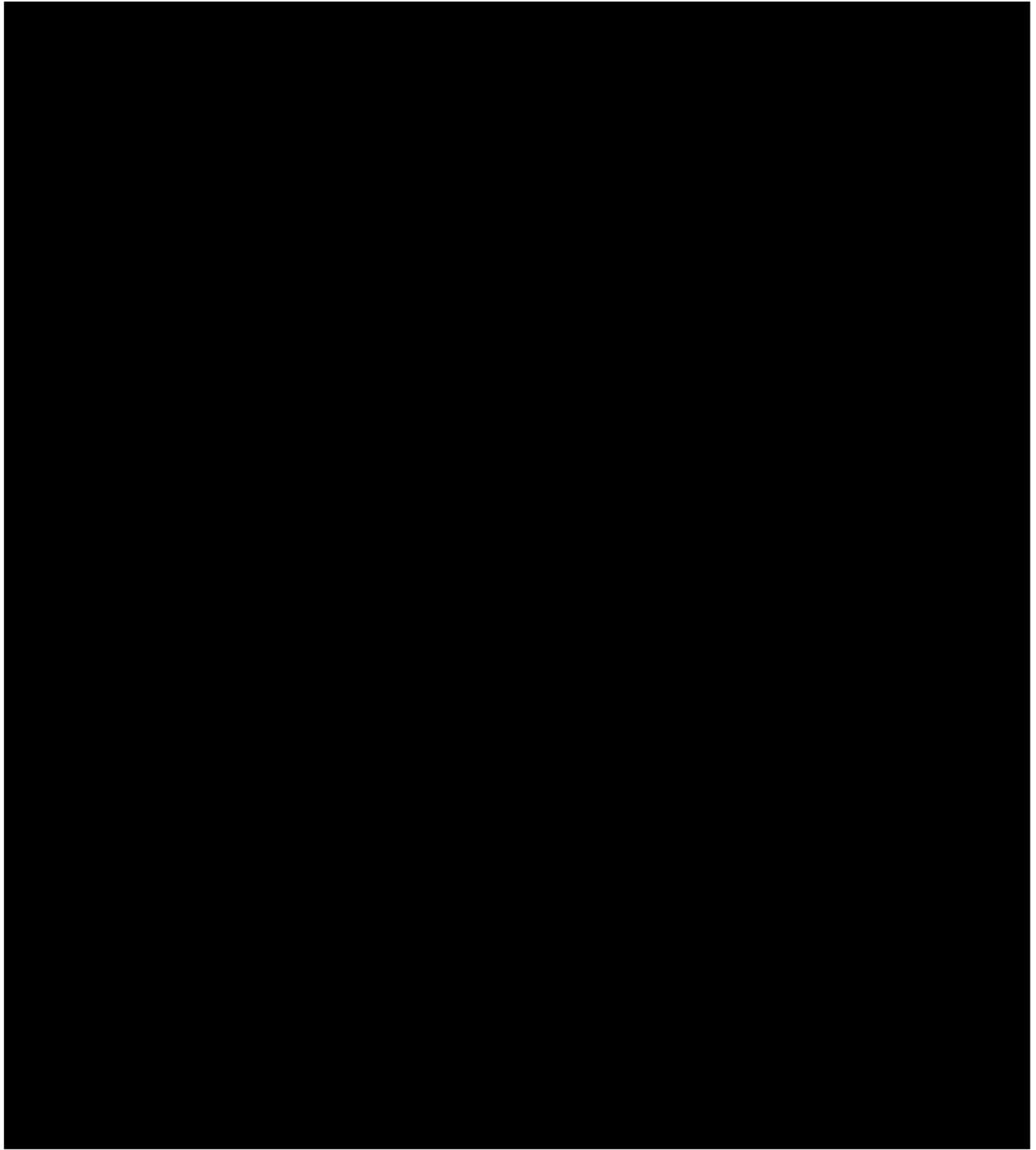
Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Priority Mail Express, Parcel Return Service, Parcel Select, First-Class Package Service, First Class Package International Service, Commercial ePacket Service, Priority Mail International, Priority Mail Express International, International Priority Airmail, International Surface Air Lift, Inbound Parcel Post, Inbound Direct Entry, and Inbound EMS services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service’s network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



Prices

established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. §3633(a)(3), which, as implemented by 39 C.F.R. § 3015.7(c), requires competitive products to contribute a minimum percentage to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise from 39 U.S.C. §3633(a)(1).

The Postal Service shall submit a semi-annual report to the Governors. The report shall include information on the cost coverage for each agreement or initiative that has been executed under the authority of Governors' Decision 19-1. Agreements classified as non-published rates or rate ranges may be reported as a collective grouping; all other agreements or initiatives are to be reported separately. The report shall also include cost coverage information on any agreements and nonpublished initiatives established under previous numbered Governors' Decisions and Resolutions.

**UNITED STATES POSTAL SERVICE
OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON
GOVERNORS' DECISION NO. 19-1**

Consistent with 39 USC 3632(a), I hereby certify that the following Governors voted in favor of Governors' Decision No. 19-1:

Robert M. Duncan
David C. Williams



Michael J. Elston
Secretary of the Board of Governors (A)

7 February 2019

Date